

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
EL PASO DIVISION**

IN RE:	§	
	§	
THE GATEWAY VENTURES, LLC,	§	CASE NO. 21-30071-hcm
	§	
Debtor.	§	CHAPTER 11

**REPORT REGARDING SEPTEMBER 29, 2021 SETTLEMENT CONFERENCE
(WESTAR)**

On September 29, 2021, from approximately 11:30 AM (CT) to 12:20 PM (CT), MICHAEL DIXSON (DIXSON) for Debtor The Gateway Ventures, LLC (“TGV”), SALEEM MAKANI (MAKANI), and SUHAIL BAWA (BAWA) for WESTAR INVESTORS GROUP, LLC (WESTAR), and their respective counsel Jeff Carruth and Michael R. Nevarez, conducted a video conference as required by the Court’s Order (Docket No. 214). This Report summarizes the result of the settlement conference as follows:

1. At the outset of the settlement discussions, the undersigned requested that counsel Carruth provide an opening presentation of the Debtor’s Plan(s), so as to ensure DIXSON, MAKANI and WESTAR understood the Debtor’s proposed Plan(s), in accordance with a previous agreement between counsel. However, DIXSON immediately stated there would be no such opening presentation, and that Debtor was only interested in a counter-proposal from WESTAR, while counsel Carruth indicated WESTAR had provided its initial July 16, 2021 Plan more than two (2) months ago.
2. Unfortunately, DIXSON and counsel Carruth then alternated berating the undersigned for inaction, until MAKANI vehemently interjected by stating that (a) WESTAR has been attempting to settle this matter since TGV breached the Subscription Agreement by failing to close on the Element Hotel Parcel at issue herein more than two (2) years ago on July 2, 2019, (b) Dixon and counsel Carruth were being unprofessional and discourteous, and (c) MAKANI would terminate the video conference if there was no change in attitude, as that was no way to conduct settlement discussions.

3. After a brief silence, the settlement discussions resumed with the undersigned noting that (a) in preparation for said video conference, the undersigned had previously requested that counsel Carruth provide documentary support for TGV's proposed reduction of WESTAR's equity interest from 100% to 7%, and (b) no documentary support quantifying said reduction had been received by the undersigned. The undersigned again requested documentary support quantifying said reduction in WESTAR's equity interests, and indicated that a counter-proposal from the undersigned would be forthcoming, within a couple of days or so, as the undersigned was busy on other cases the day following the settlement conference. The settlement discussions were then terminated.
4. Counsel Carruth and the undersigned communicated over the following days, but as of this filing the requested documentary support quantifying the reduction of WESTAR's equity interest from 100% to 7% has not been received by the undersigned.
5. The day after the settlement conference, Thursday, September 30, 2021, at 9:21 AM MST, the undersigned counsel sent an email to counsel Carruth explaining that a preliminary settlement proposal would be provided to Debtor later that day, as the undersigned was awaiting review and approval of the settlement proposal from the WESTAR clients.
6. An hour later, Counsel Carruth apparently chose not to wait for receipt of WESTAR's settlement proposal, filing instead his "Emergency Motion to Assume and Enforce Westar Subscription Agreement" (DOC #219), that same Thursday, September 30, 2021, at 10:35 AM MST.
7. Nonetheless, later that same day, Thursday, September 30, 2021, at 5:42 PM MST, the undersigned counsel nonetheless sent an email to counsel Carruth enclosing WESTAR's "Compromise Offer And Negotiation Subject To Rule 408 Of The Federal Rules Of Evidence", therein outlining WESTAR's settlement proposal for TGV's review and consideration.
8. WESTAR's preliminary settlement proposal consisted of eleven (11) demands, including one (1) as yet unquantified amount intended to compensate WESTAR for the loss of income and/or return on investment, on its investment of \$1,527,500.00, resulting from the TGV's breach of the Subscription Agreement.
9. On Friday, October 1, 2021, Carruth responded via email requesting "the hard numbers", to which the undersigned response that "as soon as I can calculate them and run them past my clients, sometime after I file an

Emergency Response to your Emergency Motion To Assume and Enforce Subscription Agreement, and depending on what happens at the Hearing on Monday re same.”

10. As of the close of business, Friday, October 1, 2021, no settlement has occurred, and TGV has yet to provide either (a) the requested documentary support quantifying the reduction of WESTAR’s equity interest from 100% to 7%, or (b) a counter proposal.
11. In view of TGV’s Emergency Motion to Assume and Enforce the Westar Subscription Agreement, no meaningful settlement discussions are likely to occur, as settlement discussions have been effectively suspended, so that the undersigned can attempt to (a) submit a written response and objection to TGV’s Emergency Motion To Assume and Enforce Subscription Agreement filed Thursday, September 30, 2021, (b) prepare for the Expedited Hearing on same this coming Monday, October 4, 2021, and (c) continue to prepare for the continuation of hearings on Debtor’s various Plans and modifications, to be held also this coming Monday, October 4, 2021.

October 1, 2021

Respectfully submitted,

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/s/ Michael R. Nevarez

MICHAEL R. NEVAREZ

State Bar No. 14933400

Attorney for Westar Investors Group, LLC
Suhail Bawa and Saleem Makani

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **REPORT REGARDING SEPTEMBER 29, 2021 SETTLEMENT CONFERENCE (WESTAR)**, together with all supporting attachments, exhibits, and affidavits referenced therein, if any, was served either by regular first-class mail, postage prepaid, and/or by eFiling via an Electronic Filing Service Provider, and/or via facsimile, to the following parties in interest, on this October 4, 2021:

DEBTOR:

The Gateway Ventures, LLC
c/o PDG Prestige, Inc.
780 N Resler Drive, Suite B
El Paso, TX 79912

ATTORNEY FOR DEBTOR:

Jeff Carruth
Weyer Kaplan Pulaski & Zuber, P.C.
24 Greenway Plaza, #2050
Houston, TX 77046

/s/ Michael R. Nevarez

MICHAEL R. NEVAREZ